Saskatchewan Heritage Fund

ANNUAL REPORT

1987-88

Province of
Saskatchewan

Letter of Transmittal

90-03465/

To Her Honour,
The Honourable Sylvia O. Fedoruk,
Lieutenant Governor of the Province of Saskatchewan

Madam:

I have the honour to submit herewith the tenth Annual Report and Financial Statements of the Saskatchewan Heritage Fund, for the year ended March 31, 1988.

Respectfully yours,

J. Gary Lane, Q.C.
Minister of Finance

Introduction

The Saskatchewan Heritage Fund was established in 1978 under the authority of The Heritage Fund (Saskatchewan) Act.

Objectives

The objectives of the Heritage Fund are as follows:

1. To provide Saskatchewan citizens with a clear statement of the management of their non-renewable resource revenues.
2. To provide the Legislative Assembly of Saskatchewan with greater control over the use of these non-renewable resource revenues.
3. To provide a financial mechanism through which a portion of these revenues can be invested in assets and programs for the future benefit of Saskatchewan citizens.
4. To strengthen the budgetary position of the Consolidated Fund by assisting in the financing of the ongoing programs and services provided by government.

How the Heritage Fund Works

All non-renewable resource revenues of the Province are deposited in the Heritage Fund. Also credited to the Fund, as revenues, are interest income and dividend earnings from the Fund's investments, plus any capital gains on the disposal of these investments.

Revenues of the Heritage Fund can be applied as budgetary expenditures, which are outflows of the monies taken into the Fund, or retained as assets.

The budgetary expenditures of the Heritage Fund may include:

1. The Dividend to the Consolidated Fund — to help finance expenditures of the Consolidated Fund.
2. Incentives for oil and gas exploration and development, and for conservation projects.
3. Assistance to farmers.
4. Assistance for research and development projects.
5. Provincial Development Expenditures — to help finance capital projects.

The surplus that results from an excess of budgetary revenues over budgetary expenditures remains within the Heritage Fund, increasing its total assets. These assets can take a number of forms:

1. Current assets, comprising:
   (a) the cash balance in the Heritage Fund's bank account,
   (b) marketable securities, including debentures and other marketable instruments, and
   (c) the amount "Due from the Consolidated Fund", referring to all monies held temporarily on non-interest bearing deposit with the Consolidated Fund.
2. Loans to Crown corporations or other entities.
3. Equity investments in Crown corporations or other entities.

Divisions of the Heritage Fund

The Heritage Fund is comprised of five divisions. Three of these divisions, the Resources Division, the Energy Security Division and the Environmental Protection Division, were established in 1980. The two newest divisions, the Agricultural Division and the Research and Development Division, were created effective April 1, 1983 by The Heritage Fund (Saskatchewan) Amendment Act, 1983.

The responsibilities of each division are as follows:

1. Resources Division

The Resources Division receives all non-renewable resource revenues of the Fund that are not specifically allocated to the other divisions. Some of these revenues may be transferred to the other divisions for specific purposes.

The Resources Division finances the Consolidated Fund Dividend and Provincial Development Expenditures. This division can also undertake other expenditures and other loans and equity investments permitted under the Act that are not undertaken through the other divisions of the Heritage Fund.

2. Energy Security Division

The objective of the Energy Security Division is to help ensure that Saskatchewan consumers have adequate energy supplies in the years ahead. This division may make expenditures, loans and equity investments to encourage energy conservation and the exploration for and development of the energy resources of the province.

3. Environmental Protection Division

The Environmental Protection Division was created to provide a contingency fund for dealing with any unforeseen environmental problems that could arise from the mining and milling of uranium in Saskatchewan.

The contingency fund, known as the Environmental Protection Reserve, is comprised of cash and short-term investments. The income and other gains from these investments is applied to, and therefore serves to increase, the assets of the division.

4. Agricultural Division

The purpose of the Agricultural Division is to encourage long-term economic growth and stability in the agricultural sector. The initial task of the Agricultural Division was to assist in funding the operations of the Farm Purchase Program, providing interest rebates to farmers for commercial mortgage loans undertaken to purchase farm land.

This division also has provided refunds to farmers under the Farmers' Oil Royalty Refund Program and may make other agricultural expenditures, loans and equity investments.

5. Research and Development Division

The Research and Development Division was established to support research and development activities that will ensure that the latest technologies are adopted by Saskatchewan firms and that new, high technology industries are attracted to the province.

The Department of Science and Technology may make loans, equity investments and grants or other expenditures from the Research and Development Division for this purpose.

The Research and Development Division was funded initially through the transfer of $51.2 million in cash and investments from the Resources Division of the Heritage Fund.

Legislative Control

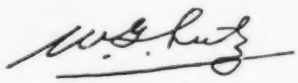
The activities of the Heritage Fund are directly controlled by the Legislative Assembly through its annual review and approval of the Fund's expenditures and long-term investments.

Auditor's Report

To the Members of the Legislative Assembly
of Saskatchewan

I have examined the statement of financial position of the Saskatchewan Heritage Fund as at March 31, 1988 and the statements of equity, revenue and expenditure, loan, investment and deposit activity, changes in financial position and cumulative provincial development expenditure for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Saskatchewan Heritage Fund as at March 31, 1988 and the results of its operations and the changes in its financial position for the year then ended in accordance with the accounting principles disclosed in Note 1 to the financial statements applied on a basis consistent with that of the preceding year.



Regina, Saskatchewan,
November 28, 1988.

W. G. Lutz, F.C.A.,
Provincial Auditor.

Statement of Financial Position

March 31, 1988

($ Thousands)

		Resources Division	Energy Security Division	Environmental Protection Division	Agricultural Division	Research and Development Division	1988 Total	1987 Total
Assets								
Schedule								
1	Cash and Short-Term Investments (Note 1d)	$ —	$ 624	$ 7,767	$ —	$ 980	$ 9,371	$ 10,356
2	Short-Term Loans to Crown Entities (Note 1e)	—	46,000	—	—	45,000	91,000	86,800
	Amount Receivable from the Consolidated Fund (Note 1f)	489,433	13,655	—	29,142	9,516	541,746	466,100
3	Loans to Crown Entities (Note 1g)	41,383	2,448	—	—	—	43,831	50,664
	Loans and Sales Agreements (Note 1h)	—	—	—	5,348	—	5,348	5,810
4	Other Loans (Note 1i)	—	—	—	—	—	—	60,678
5	Investments in Crown Entities (Note 1j)	747,229	77,583	—	—	—	824,812	747,230
	Investment in Agricultural Land and Related Assets (Note 1k)	—	—	—	149,946	—	149,946	157,175
6	Other Investments (Note 1l)	—	—	—	—	4,967	4,967	6,851
Total Assets		$1,278,045	$140,310	$ 7,767	$184,436	$60,463	$1,671,021	$1,591,664
Liabilities and Equity								
	Loan from the Consolidated Fund (Note 1m)	$ —	$ —	$ —	$184,436	$ —	$ 184,436	$ 184,436
	Equity (Note 2a)	1,278,045	140,310	7,767	—	60,463	1,486,585	1,407,228
Total Liabilities and Equity		$1,278,045	$140,310	$ 7,767	$184,436	$60,463	$1,671,021	$1,591,664

(See Accompanying Notes)

Statement of Equity

For the Year Ended March 31, 1988

($ Thousands)

	Resources Division	Energy Security Division	Environmental Protection Division	Agricultural Division	Research and Development Division	1988 Total	1987 Total
Unallocated Equity, Beginning of Year	$1,208,900	$ 91,704	$ —	$ —	$ 56,603	$1,357,207	$1,291,878
Excess of Revenue Over Expenditure, Net of Inter-divisional Transfers	70,978	5,723	629	1,582	3,860	82,772	71,827
Loss on Sale of Land	—	—	—	(1,582)	—	(1,582)	(116)
Provision for Loss — Loans to Crown Entities	(1,833)	—	—	—	—	(1,833)	(1,833)
Transfer to Reserves	—	(3,742)	(629)	—	—	(4,371)	(4,549)
Unallocated Equity, End of Year	$1,278,045	$ 93,685	$ —	$ —	$ 60,463	$1,432,193	$1,357,207
Reserves, Beginning of Year	—	42,883	7,138	—	—	50,021	45,472
Transfers to Reserves	—	3,742	629	—	—	4,371	4,549
Reserves, End of Year	—	46,625	7,767	—	—	54,392	50,021
Total Equity, End of Year	$1,278,045	$140,310	$7,767	$ —	$ 60,463	$1,486,585	$1,407,228

(See Accompanying Notes)

Statement of Revenue and Expenditure

For the Year Ended March 31, 1988

($ Thousands)

	Resources Division	Energy Security Division	Environmental Protection Division	Agricultural Division	Research and Development Division	1988 Total	1987 Total
Revenue							
Non-Renewable Resource Revenue							
Coal	$ 18,439	$ —	$ —	$ —	$ —	$ 18,439	$ 13,557
Natural Gas	22,178	—	—	—	—	22,178	21,887
Oil	347,261	—	—	—	—	347,261	212,926
Potash	48,899	—	—	—	—	48,899	36,982
Sodium Sulphate	812	—	—	—	—	812	1,085
Uranium	19,718	—	—	—	—	19,718	17,807
Other Non-Renewable Resources	1,187	—	—	—	—	1,187	763
Total Non-Renewable Resource Revenue	458,494	—	—	—	—	458,494	305,007
Agricultural Lands Revenue							
Land Sales	—	—	—	7,758	—	7,758	6,490
Lease Revenue	—	—	—	11,681	—	11,681	9,836
Interest and Other	—	—	—	1,242	—	1,242	1,174
Total Agricultural Lands Revenue	—	—	—	20,681	—	20,681	17,500
Investment Revenue	233	10,329	629	36	4,544	15,771	10,200
Other Revenues	—	—	—	—	32	32	43
Total Revenue Before Inter-Divisional Transfers	458,727	10,329	629	20,717	4,576	494,978	332,750
Inter-divisional Transfers	(14,872)	—	—	14,872	—	—	—
Total Revenue, Net of Inter-Divisional Transfers	$443,855	$10,329	$629	$35,589	$4,576	$494,978	$332,750

(See Accompanying Notes)

Statement of Revenue and Expenditure — (Continued)

For the Year Ended March 31, 1988

($ Thousands)

	Resources Division	Energy Security Division	Environmental Protection Division	Agricultural Division	Research and Development Division	1988 Total	1987 Total
Expenditure							
Fund Dividend to Consolidated Fund *(Note 2b)*	$370,000	$ —	$ —	$ —	$ —	$370,000	$200,000
Compensation Payments for Oil Rights Acquired by the Crown	2,390	—	—	—	—	2,390	2,306
Interest on Refunds of Taxes	35	—	—	—	—	35	7
Grants Pursuant to the Canada-Saskatchewan Heavy Oil Agreement	—	384	—	—	—	384	207
Payments for Projects Pursuant to the Canada-Saskatchewan Heavy Oil and Fossil Fuel Research, Development and Demonstration Agreement	—	4,090	—	—	—	4,090	4,349
Payments Pursuant to the Canada-Saskatchewan Economic and Regional Development Agreement	330	—	—	—	—	330	558
Payments for Research and Development	—	—	—	—	705	705	2,680
Payments of Interest Rebates	—	—	—	16,979	—	16,979	18,213
Payments to Cover Deficiency of Land Bank Lease Fees in Meeting the Interest Costs Owing on Transferred Land Bank Land (Note 1m)	—	—	—	8,586	—	8,586	9,025
Payments Under Trust Certificates	122	—	—	—	—	122	133
Research Grants	—	4	—	—	—	4	42
Administrative Expenses of the Canada-Saskatchewan Heavy Oil Agreement, and Alternative Fuel Test Program	—	128	—	—	—	128	167
Grants for Agricultural Lessees' Share of Compensation and Rental Payments for Surface Leases	—	—	—	579	—	579	648
Grants Pursuant to the Canadian Subsidy Agreement on Advanced Technology	—	—	—	—	11	11	978
Refunds Pursuant to the Farmers' Oil Royalty Refund Act	—	—	—	7,863	—	7,863	21,610
Total Expenditure	$372,877	$4,606	$ —	$34,007	$ 716	$412,206	$260,923
Excess of Revenue Over Expenditure, Net of Inter-divisional Transfers	$ 70,978	$5,723	$629	$ 1,582	$3,860	$ 82,772	$ 71,827

(See Accompanying Notes)

Statement of Loan, Investment and Deposit Activity

For the Year Ended March 31, 1988

($ Thousands)

	Resources Division	Energy Security Division	Environmental Protection Division	Agricultural Division	Research and Development Division	1988 Total	1987 Total
Receipts							
Loans							
Potash Corp. of Sask.	$5,000	$ –	$ –	$ –	$ –	$ 5,000	$ 5,000
Loans and Sale Agreements	–	–	–	834	–	834	618
Newgrade Energy Inc.	–	60,678	–	–	–	60,678	–
Investments							
Agricultural Land and Related Assets:							
Recovery of Investment	–	–	–	6,220	–	6,220	2,289
NewGrade Energy Inc.	–	735	–	–	–	735	–
Other	–	–	–	–	1,149	1,149	2,282
Total Receipts	5,000	61,413	–	7,054	1,149	74,616	10,189
Disbursements							
Other Loans							
NewGrade Energy Inc.	–	–	–	–	–	–	54,578
Investments							
Agricultural Land and Related Assets	–	–	–	944	–	944	429
Crown Investments Corp. of Sask.	–	77,583	–	–	–	77,583	–
Total Disbursements	–	77,583	–	944	–	78,527	55,007
Excess of Receipts Over Disbursements	$5,000	$(16,170)	$ –	$6,110	$1,149	$(3,911)	$(44,818)

(See Accompanying Notes)

Statement of Changes in Financial Position

For the Year Ended March 31, 1988

($ Thousands)

	Resources Division	Energy Security Division	Environmental Protection Division	Agricultural Division	Research and Development Division	1988 Total	1987 Total
Cash, Short-Term Investments and Loans, and Amount Receivable from the Consolidated Fund, Beginning of Year	$413,453	$ 70,727	$7,138	$21,451	$50,487	$563,256	$536,247
Revenue and Expenditure							
Revenue, Net of Inter-divisional Transfers	443,855	10,329	629	35,589	4,576	494,978	332,750
Expenditure	372,877	4,606	—	34,007	716	412,206	260,923
Excess of Revenue Over Expenditure, Net of Inter-Divisional Transfers	70,978	5,723	629	1,582	3,860	82,772	71,827
Loan, Investment and Deposit							
Receipts	5,000	61,413	—	7,054	1,149	74,616	10,189
Disbursements	—	77,583	—	944	—	78,527	55,007
Excess of Receipts Over Disbursements	5,000	(16,170)	—	6,110	1,149	(3,911)	(44,818)
Increase (Decrease) During the Year	75,978	(10,447)	629	7,692	5,009	78,861	27,009
Cash, Short-Term Investments and Loans, and Amount Receivable from the Consolidated Fund, End of Year	$489,431	$ 60,280	$7,767	$29,143	$55,496	$642,117	$563,256

(See Accompanying Notes)

Statement of Cumulative Provincial Development Expenditure

For the Year Ended March 31, 1988

($ Thousands)

	1988		1987	
	Current Year Expenditure	Cumulative Year Expenditure	Current Year Expenditure	Cumulative Year Expenditure
Resource, Economic, and Industrial Development				
Beauval — Pinehouse Development Road	$ —	$ 4,062	$ —	$ 4,062
Buffalo Narrows Causeway	—	2,532	—	2,532
Buffalo Narrows Northern Development Airport	—	2,631	—	2,631
Buffalo Narrows Northern Development Airport — Facilities	—	267	—	267
Cluff Lake Development Road	—	4,813	—	4,813
Forestry Development Roads	—	1,384	—	1,384
Interprovincial Steel and Pipe Corporation Ltd. — Plant Expansion	—	2,803	—	2,803
Key Lake Development Road	—	6,436	—	6,436
La Ronge Aircraft Maintenance Facility	—	2,261	—	2,261
Northern Highway No. 2	—	784	—	784
Northern Highway No. 105	—	548	—	548
Northern Highway No. 106	—	12,586	—	12,586
Northern Highway No. 155	—	5,394	—	5,394
Resource Research Facility — Saskatoon	—	3,684	—	3,684
Total Resource, Economic, and Industrial Development	—	50,185	—	50,185
Health and Education				
Grant to the Saskatchewan Cancer Foundation	—	1,025	—	1,025
Grant to the University Hospital — Capital	—	17,614	—	17,614
Institute of Applied Arts and Sciences — Prince Albert	—	2,071	—	2,071
Provincial Laboratory Building	—	162	—	162
Saskatchewan Rehabilitation Centre	—	741	—	741
Saskatchewan Technical Institute Expansion	—	6,874	—	6,874
Saskatoon Hospitals Construction Program	—	1,231	—	1,231
University of Saskatchewan — Engineering Building Construction	—	27,525	—	27,525
University of Saskatchewan — Geological Sciences Building Construction	—	1,650	—	1,650
University of Saskatchewan — Veterinary College Building Expansion	—	12,540	—	12,540
Total Health and Education	—	71,433	—	71,433
Culture and Recreation				
Moose Jaw Wild Animal Park Development	—	2,519	—	2,519
Parks Facilities Development	—	2,402	—	2,402
Parks Facilities Development — Cypress Hills	—	549	—	549
Restoration of Northwest Territorial Government Administration Building	—	688	—	688
Restoration of Saskatchewan House	—	4,487	—	4,487
Saskatchewan Archives Building	—	284	—	284
1979 Western Canada Summer Games Inc. — Athletic Field House Grant	—	1,750	—	1,750
Total Culture and Recreation	—	12,679	—	12,679
Municipal				
Construction of Court Houses — Regina and Saskatoon	—	25	—	25
Grant to the City of Lloydminster for Water Supply Project	—	9,150	—	9,150
Grants Under the Community Capital Fund Program	—	69,106	—	69,106
Souris River Valley Project	—	137	—	137
Total Municipal	—	78,418	—	78,418
Total Provincial Development Expenditure	$ —	$212,715	$ —	$212,715

(See Accompanying Notes)

Notes to the Financial Statements

For the Year Ended March 31, 1988

1. Significant Accounting Policies

General Policies

1a. Reporting Entity

These financial statements have been prepared for the purpose of disclosing the state of the Saskatchewan Heritage Fund at March 31, 1988 and the results of its financial activities for the year then ended in accordance with the statutory authorities governing its operation.

The Saskatchewan Heritage Fund is a special purpose fund established under *The Heritage Fund (Saskatchewan) Act* to receive all non-renewable resource revenues of the Province, revenues from certain agricultural lands, interest and dividends on loans and investments made by the Fund, and any gains on disposals of investments held by the Fund.

The Fund is comprised of five divisions: The Resources Division, the Energy Security Division, the Environmental Protection Division, the Agricultural Division, and the Research and Development Division. The Agricultural Division and the Research and Development Division were created April 1, 1983 by *The Heritage Fund (Saskatchewan) Amendment Act, 1983*.

1b. Basis of Accounting

The financial statements of the Fund are prepared using a modified cash basis for a fiscal year commencing on April 1 and ending on March 31. Revenues are recorded as received and expenditures are charged to the accounts when payment is made. In addition, revenues received in the 30 days of April in respect of revenue raised up to March 31 of the preceding fiscal year are taken into revenue of the preceding fiscal year, and payments made during the 30 days of April which are for goods and services received in the preceding fiscal year are reported as expenditures of the preceding fiscal year.

1c. Classification of Financial Transactions

In accounting for the financial transactions, a distinction is drawn between those transactions which affect equity and those which affect recorded assets and liabilities. The equity of the Fund is the difference between recorded assets and liabilities and represents the difference between accumulated revenues and accumulated expenditures. Transactions are recorded within two categories in the Fund: Revenue and Expenditure, which only affect equity and Lending and Investing which affect recorded assets and liabilities.

- **Revenue and Expenditure**

Revenue and expenditure relate to normal operating activities.

- **Revenue**

Revenue includes revenues raised through taxation and royalties from non-renewable resources, income from investments, lease revenues and accounting gains on the sale of certain agricultural lands.

- **Expenditure**

Expenditure includes payments for goods and services, grants, the acquisition or construction of fixed assets and Fund Dividends paid to the Consolidated Fund.

- **Lending and Investing**

These transactions result from lending and investing functions which include the Fund's lending and investing activity in various Crown corporations and agencies, other organizations and individuals, and in Agricultural Land and Related Assets acquired for resale.

- **Assets and Liabilities**

In general terms assets of the Fund consist of cash and short-term investments, loans to or investments in Crown entities and other organizations and individuals, and investment in Agricultural Land and Related Assets. Capital Assets are treated as an expenditure in the year of purchase.

Liabilities consist of a loan from the Consolidated Fund.

Specific Policies

1d. Cash and Short-Term Investments

- **Cash**

Cash is the balance on hand at March 31, adjusted in accordance with the modified cash basis of accounting as described in note 1b.

- **Short-Term Investments**

Short-term investments represent those investments purchased under authority of *The Heritage Fund (Saskatchewan) Act*. These investments consist mainly of chartered bank notes, treasury bills, commercial paper and bonds maturing within one year.

Short-term investments are carried at cost. Any gain (loss) on disposal of short-term investments is recorded as revenue (expenditure).

1e. Short-Term Loans to Crown Entities

These represent interest bearing loans made for a period of less than one year. Short-term loans are valued at cost.

1f. Amount Receivable From the Consolidated Fund

This represents the balance of cash transactions held by the Consolidated Fund on behalf of the Fund, except for cash received from interest and dividends which is deposited directly into the Fund. No interest accrues on this balance.

1g. Loans to Crown Entities

These are loans made for a period of greater than one year to Crown corporations, boards and commissions and generally have fixed terms of repayment. With the exception of the Saskatchewan Grain Car Corporation, the loans are all interest bearing.

Loans are valued at cost. In cases where the liabilities of a Crown entity significantly exceed the estimated realizable value of its assets and the accumulated deficit is not funded by an appropriation, the loan carried will be written down. All write-downs are charged directly to equity.

1h. Loans and Sale Agreements

Loans and Sale Agreements represent loans to lessees, and amounts due on Sales Agreements for the sale of Agricultural Land and Related Assets less the unrealized gain in accordance with the accounting policy which provides that gains are included in revenue but are only recorded when cash is received. At March 31, 1988, long-term sales agreements outstanding total $1,934,000. Of this amount, $637,000 reflects the cost of land sold and is included in Loan and Sales Agreements. The balance of $1,297,000 represents the unrealized gain on the sales and will be recorded as cash is received.

1i. Other Loans

Other loans are those made to nongovernment agencies or individuals and are subject to a variety of interest rates and terms of repayment.

Other loans are carried at cost and will be revalued if it becomes evident that they are uncollectible. All write-downs are charged directly to equity.

Interest received from these loans is recorded as revenue.

1j. Investments in Crown Entities

Investments in Crown entities represent long-term equity advances which are non-interest bearing and have no fixed terms of repayment.

Investments are valued at original cost. Revaluation of the investment will occur when the liabilities of the Crown entity significantly exceed the net realizable value of its assets and the accumulated deficit is not funded by appropriation. Any write-downs reducing the carrying value of the investment are charged directly to equity.

Dividends from the investments are recorded as revenue.

1k. Investment in Agricultural Land and Related Assets

The Heritage Fund (Saskatchewan) Amendment Act, 1983 transferred the assets and liabilities of the former Saskatchewan Land Bank Commission to the Agricultural Division of the Saskatchewan Heritage Fund effective April 1, 1983. Investment in Agricultural Land and Related Assets represents the cost of land and improvements held for resale.

Sales of these lands and improvements are recorded as a recovery of investment in amounts equal to the cost and any gains are recorded as revenue when received. Where the sale involves a long-term sales agreement, the amount equal to the cost of the investment sold is recorded as an asset; any amount due in respect of a gain on the sale is recorded as revenue only upon collection. Any loss on the sale of these lands and improvements is charged directly to equity.

1l. Other Investments

These investments are carried at cost and will be revalued if it becomes evident that there has been a permanent reduction in the value of the investment.

Any write-down of an investment is charged directly to equity.

1m. Loan from the Consolidated Fund

This represents a long-term obligation to the Consolidated Fund in respect of an interest bearing loan previously due from the Saskatchewan Land Bank Commission. Pursuant to provisions of *The Farm Purchase Program Act* the Farm Purchase Program Fund is authorized to receive the lease revenues on the land formerly owned by the Saskatchewan Land Bank Commission and in turn, to pay the interest on the loan from the Consolidated Fund. Accordingly, $19,927,664 was paid by the Farm Purchase Program Fund to the Consolidated Fund in 1987-88 as interest expense on the outstanding loan. Pursuant to provisions of *The Heritage Fund (Saskatchewan) Amendment Act, 1983*, and as provided by appropriation, a payment of $8,585,999 was made from the Saskatchewan Heritage Fund to the Farm Purchase Program Fund to cover the deficiency of the lease fees in meeting the interest costs.

2. Additional Information

2a. Equity

Equity of the Fund consists of two components: unallocated equity and reserve accounts. The reserve accounts were established pursuant to Treasury Board Directive as authorized by section 14 of *The Heritage Fund (Saskatchewan) Act*.

Within the Energy Security Division, an Energy Security Reserve has been created for the purpose of funding the future development of energy resources. Within the Environmental Protection Division, an Environmental Protection Reserve has been created to provide for contingency funding to mitigate unforeseen environmental problems related to uranium milling.

2b. Fund Dividend to the Consolidated Fund

An annual appropriation in the Saskatchewan Heritage Fund provides for fund dividends to the Consolidated Fund. Payments are made upon the direction of the Minister of Finance.

2c. Comparative Information

Certain of the 1987 figures have been reclassified to conform with the current year presentation; however, with regard to expenditures of the prior year, the figures are reported on the same basis as the estimates of the prior year.

Schedule 1

Cash and Short-Term Investments

March 31, 1988

	($ Thousands)	
	1988	**1987**
Cash		
Energy Security Division	$ 24	$ 4
Environmental Protection Division	55	7
Research and Development Division	5	5
	84	16
Short-Term Investments		
Energy Security Division	600	1,279
Environmental Protection Division	7,712	7,131
Research and Development Division	975	1,930
	9,287	10,340
	$ 9,371	$ 10,356

The market value of the Short-Term Investments at March 31, 1988 is $9,376,865 (March 31, 1987 — $10,428,742).

Schedule 2

Short-Term Loans to Crown Entities

March 31, 1988

	($ Thousands)	
	1988	**1987**
Energy Security Division		
Crown Investments Corporation of Saskatchewan	$ 46,000	$ 41,600
Research and Development Division		
Crown Investments Corporation of Saskatchewan	45,000	45,200
	$ 91,000	$ 86,800

Schedule 3

Loans to Crown Entities

March 31, 1988

	($ Thousands)	
	1988	**1987**
Resources Division		
Potash Corporation	$ —	$ 5,000
Saskatchewan Grain Car Corporation	46,350	46,350
Less: Provision for Loss	(4,967)	(3,134)
	41,383	48,216
Energy Security Division		
Saskatchewan Power Corporation	2,448	2,448
	$ 43,831	$ 50,664

Schedule 4

Other Loans

March 31, 1988

	($ Thousands)	
	1988	**1987**
Energy Security Division		
NewGrade Energy Inc.	$ —	$ 60,678
	$ —	$ 60,678

Schedule 5

Investment in Crown Entities

March 31, 1988

	($ Thousands)	
	1988	**1987**
Resources Division		
Crown Investments Corporation of Saskatchewan	$109,976	$109,976
Potash Corporation of Saskatchewan	418,553	418,554
Saskatchewan Mining Development Corporation	218,700	218,700
	747,229	747,230
Energy Security Division		
Crown Investments Corporation of Saskatchewan	77,583	—
	$824,812	$747,230

Schedule 6

Other Investments

March 31, 1988

	($ Thousands)	
	1988	**1987**
Energy Security Division		
NewGrade Energy Inc.	$ —	$ 735
Research and Development Division		
Federal Government Bonds	1,037	1,434
Provincial Government Bonds	3,268	3,410
Corporate Bonds	—	250
Saskatchewan Municipal Bonds	662	1,022
	4,967	6,116
	$ 4,967	$ 6,851

The market value of Long-Term Investments in bonds at March 31, 1988 is $5,031,468 (March 31, 1987 — $6,314,855.)